

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of Aggregator Managed Demand Response Agreements (U39E).

Application 12-09-004  
(Filed September 7, 2012)

And Related Matter.

Application 12-09-007

**DECISION GRANTING PETITION FOR MODIFICATION  
OF DECISION 13-01-024**

**Summary**

This decision approves the Petition filed by Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) to modify Decision (D.) 13-01-024. D.13-01-024 approved five demand response aggregator managed portfolio program agreements and budgets for SCE and five agreements for PG&E. Most relevant to this decision, D.13-01-024 established specific requirements that SCE and PG&E annually implement two demand response test events. This decision revises D.13-01-24 to: 1) obviate the requirement to implement a test event if a dispatch event has previously been implemented, and 2) eliminate the ambiguity that allows test events held by PG&E's contractors, also known as Sellers, to count against PG&E's annual two-test minimum.

This proceeding is closed.

**Background**

On February 26, 2013, Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E) jointly filed a Petition to Modify Decision (D.) 13-01-024 (Petition). D.13-01-024 which approved aggregator managed portfolio (AMP) program agreements also required SCE and PG&E to perform at least two demand response test events each year, one before May 31 and, if no dispatch event is called before July 15, an additional test event performed by August 31.

PG&E and SCE request modifications to D.13-01-024: 1) to make clear that dispatch events obviate the need for test events called within a specified time period, and 2) to clarify that test events conducted by PG&E's contractors, also known as Sellers, are not to be considered towards the two minimum test events required by the Commission.

No party opposed the Petition for Modification.

**Discussion****Test Events versus Dispatch Events**

In their Petition, SCE and PG&E state that D.13-01-024 requires the two utilities to "annually implement a demand response test event early in the season, but no later than May 31[.]"<sup>1</sup> Furthermore, each utility is also required to implement an additional test event between July 15 and August 31 if no dispatch event is called by July 15.<sup>2</sup>

---

<sup>1</sup> Petition at 2, quoting D.13-01-024 at 2.

<sup>2</sup> *Id.*, also referencing D.13-01-024 at 2.

SCE and PG&E contend that D.13-01-024 does not account for the possibility that a dispatch event could occur prior to May 31 and, without a modification, D.13-01-024 could create a situation where a dispatch event occurs prior to May 31 and the utilities must unnecessarily implement a test event on May 31. SCE and PG&E assert that, as written, D.13-01-024 could create a “chain of events whereby if one or more test events are implemented before July 15, and then one or more dispatch events is called after July 15, the utilities would still be required to implement a test event in July or August.”<sup>3</sup> SCE and PG&E argue that there is nothing in the record of this proceeding that creates a need to treat test events and dispatch events differently for the purpose of measuring and evaluating the success of the AMP program agreements. Moreover, the utilities claim that potential event-overlap guarantees customer fatigue and discourages customer participation in Demand Response AMP programs.<sup>4</sup> SCE and PG&E request that the Commission modify D.13-01-024 in order to eliminate the potential event overlaps.

While SCE and PG&E claim that the potential event-overlaps “guarantee customer fatigue and discourage customer participation in Demand Response AMP programs,” the utilities provide no evidence to justify such a statement. As we discussed in D.13-01-024, our intention in requiring the two test events is to ensure that Demand Response resources promised by the AMP agreements are available, and thus reliable.<sup>5</sup> However, we agree that the record in this

---

<sup>3</sup> Petition at 2.

<sup>4</sup> Petition at 3.

<sup>5</sup> D.13-01-024 at 21 and Finding of Fact 16.

proceeding provides no evidence to lead us to treat test events and dispatch events differently. Further, D.13-01-024 could create the unintended event overlaps resulting in unnecessary, and therefore costly, test events.<sup>6</sup> We thus revise the text and Ordering Paragraphs (OPs) 5 and 6 of D.13-01-024, as further discussed in the following section.

### **Clarification Regarding Sellers' Test Events**

PG&E requests the Commission to modify D.13-01-024 in order to distinguish between SCE and PG&E when discussing test events called by their contractors, also known as Sellers. PG&E contends that D.13-01-024 unintentionally limits or eliminates the test events that PG&E could schedule, if Seller-directed tests are counted toward the two test event minimum.

PG&E explains that the AMP agreements between PG&E and its Sellers limits to two the number of test events that PG&E can schedule. PG&E describes a potential situation where a PG&E Seller implements two of its own tests prior to May 31. According to PG&E, D.13-01-024, in combination with the two-test event limit in the PG&E AMP agreement, would create a situation where PG&E would not be able to perform any additional test events, thus putting PG&E out of compliance with D.13-01-024. Therefore, PG&E requests that the Commission modify D.13-01-024 to eliminate potential non-compliance by PG&E.

In comments to the proposed D.13-01-024, SCE stated that pursuant to their AMP agreements, Sellers may schedule their own test events and, in the case of SCE, test events are settled in the same way regardless of whether SCE or

---

<sup>6</sup> Customers receive the same incentives for test events as those given for dispatch events. Thus, test events costs ratepayers.

the Seller schedules the test event.<sup>7</sup> Thus, we found it reasonable to consider a Seller's test event equivalent to a utility-called test event if the associated utility treats the Seller's test events as they would the utility's own test events.<sup>8</sup>

In the Petition, PG&E expresses concern that because its AMP agreements limit to two the number of test events it can call per season, a Seller could hold its own test or two, provide the results to PG&E, and thus limit or eliminate additional test events that PG&E could schedule. However, PG&E also notes that its AMP agreements give only PG&E, not Sellers, the right to call test events.<sup>9</sup> We conclude that PG&E does not treat Seller's test events the same as its own test events. Thus, because PG&E does not treat the Seller's test events as its own test events, PG&E's Seller's test events do not qualify as test events and do not count toward the annual two-test minimum. Lastly, we clarify that there is nothing *in D.13-01-024* (emphasis added) that precludes either SCE or PG&E from performing additional test events. However, we acknowledge that PG&E's AMP agreements does limit to two the number of test events it can require from its Sellers.

In order to confirm and clarify these matters, we modify D.13-01-024 as follows:

Page 2: Modify language to clarify that a Seller's test event is equal to a utility's test event if the utility treats and settles the Seller's test event in the same way as its own test events.

---

<sup>7</sup> D.13-01-024 at 21 referencing SCE's Opening Comments to Proposed Decision, January 7, 2013 at 3-4.

<sup>8</sup> D.13-01-024 at 21-22.

<sup>9</sup> Petition at 5 referencing PG&E AMP contract, clause 3.5.1.

Page 21-22: Modify language and provide an example to clarify that it is reasonable to consider a Seller's test event equivalent to a utility-called test event if the associated utility treats and settles the Seller's test events as they would their own test events.

Finding of Fact 17 and Conclusion of Law 6: Modify language to clarify that test events called by Sellers are equivalent to those called by the utilities, if the utility treats and settles the Seller's test events in the same way as utility test events.

OP 5 and OP6: Modify language to clarify that test events and dispatch events are treated equally and that a Seller's test event is equal to a utility test event, if the utility treats and settles the Seller's test event equivalent to the utility test event.

### **Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2), the otherwise applicable 30-day period for public review and comment is waived.

### **Assignment of Proceeding**

Michael R. Peevey is the assigned Commissioner and Kelly A. Hymes is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. Neither SCE nor PG&E provide evidence to justify the statement that the potential event-overlaps guarantee customer fatigue and discourage customer participation in Demand Response AMP programs.
2. The record in this proceeding provides no evidence to lead us to treat test events and dispatch events differently.
3. D.13-01-024 could create the unintended event overlaps resulting in unnecessary, and therefore costly, test events.

4. PG&E's AMP agreements do not treat Seller's test events the same as its own test events and therefore, do not qualify as a test event or count toward the two-test event minimum.

5. PG&E's AMP agreements limit to two the number of test events it can require from its Sellers.

6. There is nothing in D.13-01-024 that precludes either PG&E or SCE from performing additional test events.

### **Conclusions of Law**

1. It is reasonable to treat test events and dispatch events equally for the purposes of the test event requirements.

2. It is reasonable to consider PG&E Sellers' test event different from PG&E's test events.

3. It is reasonable to modify D.13-01-024 to clarify that test events and dispatch events should be treated equally.

4. It is reasonable to modify D.13-01-024 to confirm that PG&E's Sellers test events, otherwise known as re-tests, are not equal to PG&E's test events.

## **O R D E R**

### **IT IS ORDERED that:**

1. The first paragraph on page two of Decision 13-01-024, beginning with the second sentence, is modified as follows:

In order to ensure that ratepayer funds are properly utilized and to ensure the reliability of the demand response resources from these agreements, we require both utilities to annually implement a demand response test event early in the season, but no later than May 31, unless a dispatch event was implemented in the same time frame. We also require that a second dispatch or test event be implemented between June 1

and August 31. We clarify that a test event held by a demand response aggregator, also known as a Seller, complies with this requirement if the associated utility treats and settles the Seller's test event in the same way as its own test events.

2. The first full paragraph of page 21 of Decision 13-01-024, beginning with the third sentence, is modified as follows:

Thus, to ensure that the Sellers are fully prepared to provide reliable demand response, we require that one test or dispatch event be implemented near the beginning of each season, but no later than May 31. To ensure continued compliance by the Sellers, one additional test or dispatch event must be implemented between June 1 and August 31.

3. The last paragraph of page 21 and continuing onto page 22 of Decision 13-01-024, beginning with the second sentence, shall be modified as follows:

We find it reasonable to consider a Seller's test event equivalent to a utility-called test event, if the associated utility treats and settles the Seller's test events as they would its own test events. Alternately, if a Seller's test event is not treated the same as a utility test event, it would not qualify as a test event. For example, if a PG&E Seller does not provide PG&E Demand Response resources during a utility test event equal to the commitment level, the Seller may request a re-test. According to the PG&E AMP agreement, the re-test "shall not apply to the maximum hours for the contract year." Thus, the re-test is not treated the same as a PG&E test event and therefore does not qualify as a test event for the purposes of the test requirements in this proceeding. Furthermore, these test events requirements do not limit the number of additional test events that PG&E or SCE may schedule. Either utility may perform additional test events if they deem appropriate. We clarify that while individual AMP contracts may limit additional test events, nothing in this decision creates such a limitation.

4. Finding of Fact 17 of Decision 13-01-024, is modified as follows:



Test events called by Sellers are equivalent to those called by the Utilities, if the utility treats and settles the test events called by the Sellers in the same way as those the utility calls.

5. Conclusion of Law 6 of Decision 13-01-024, is modified as follows:

It is reasonable for the Commission to consider test events called by Sellers equivalent to test events called by the utility, if the utility treats and settles the test events called by the Sellers in the same way as the test events the utility calls.

6. Ordering Paragraph 5 of Decision 13-01-024 is modified as follows:

Pacific Gas and Electric Company and Southern California Edison are required to perform a demand response test event early in each contract season, but no later than May 31, unless a dispatch event was called on or before May 31. A Seller's test event meets this requirement, if the utility treats and settles the Seller's test event equivalent to the utility test event

7. Ordering Paragraph 6 of Decision 13-01-024 is modified as follows:

Pacific Gas and Electric Company and Southern California Edison Company shall implement at least one additional dispatch or test event between June 1 and August 31 of each season. A Seller's test event meets this requirement if the utility treats and settles the Seller's test event equivalent to the utility test event. Nothing in this decision precludes either utility from performing additional test-events.

8. Applications 12-09-004 and 12-09-007 are closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.